

License No.:
License:

**EXCLUSIVE LICENSE AGREEMENT
WITH THE
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY**

This Agreement is entered into between the National Institute of Standards and Technology (NIST), a primary operating unit of the United States Department of Commerce, having offices at 100 Bureau Drive, Stop 2200, Gaithersburg, MD 20899-2200, and _____ (LICENSEE), a corporation, having a place of business at _____.

WHEREAS, the United States Department of Commerce has sponsored research on (Title of Invention(s)) _____ and has received by assignment of its employee(s) _____ certain valuable patent rights thereon in the United States; and

WHEREAS, the Department of Commerce, pursuant to 35 U.S.C. 207 and 37 C.F.R. 404, is authorized to apply for, obtain and maintain patents on federally owned inventions in the United States and in foreign countries; to grant nonexclusive, partially exclusive or exclusive licenses under such federally owned patents and patent applications; and to undertake all other suitable and necessary steps to protect and administer rights to federally owned inventions; and

WHEREAS, NIST desires, in the public interest, that the subject invention be perfected, marketed and practiced so that the benefits are readily available for widest possible utilization in the shortest time possible; and

WHEREAS, LICENSEE represents that it has the facilities, personnel and expertise to bring and is willing to expend reasonable efforts to bring the Invention to the point of practical application as defined in 37 C.F.R. 404.3(d) at an early date;

NOW THEREFORE, in consideration of the foregoing, including the above-cited patent licensing regulations and the mutual promises and obligations hereinafter set forth, NIST and LICENSEE; intending to be lawfully bound, do hereby agree as set forth below.

ARTICLE I
Definitions

1.1 Licensed Patent(s) shall mean the following Patent Application and/or Patents:

Patent Application and/or Title
Patent Number

Date Filed/
Granted

all divisions and continuations of such patent application and all patents issuing from such application, divisions, continuations and all reissues, renewals, reexamination certificates and extensions of such patent.

1.2 Licensed Product(s) shall mean any apparatus or composition encompassed within the scope of a claim in a Licensed Patent and shall also include a product which was manufactured, at least in part, by a process encompassed within the scope of a claim in a Licensed Patent.

1.3 Licensed Process shall mean any process encompassed within the scope of a claim in a Licensed Patent.

1.4 Licensed Use means a method encompassed within the scope of a claim in a Licensed Patent.

1.5 Licensed Territory shall mean _____.

1.6 Field of Use shall mean _____.

1.7 Proprietary Information shall mean confidential scientific, business, or financial information, which may embody trade secrets provided by the LICENSEE to NIST in the course of this License, and developed exclusively at private expense, except if such information:

- (a) was in NIST's possession before receipt from the LICENSEE; or
- (b) is or becomes a matter of public knowledge through no fault of NIST; or
- (c) is received by NIST from a third party without a duty of confidentiality; or
- (d) is disclosed by the LICENSEE to a third party without a duty of confidentiality on the third party; or
- (e) is independently disclosed by NIST with the LICENSEE's prior written approval; or
- (f) is independently developed by NIST without reference to information disclosed

hereunder.

1.8 Net Sales shall mean the amount billed, invoiced or received on sales of any Licensed Products to an independent third party or, in the event of disposal of any Licensed Products other than as scrap prior to its shipment from its place of manufacture or predisposal storage or other than by sales, the amount billed, invoiced or received on sales of a like quantity and quality of Licensed Products to an independent third party on or about the time of such disposal, less:

- (a) customary trade, quantity or cash discounts and nonaffiliated brokers' or agents' commissions actually allowed and taken;
- (b) amounts repaid or credited by reason of rejections or returns; and/or
- (c) any freight or other transportation costs, insurance, duties, tariffs and all sales and excise taxes based directly on sales or turnover or delivery of material produced under this Agreement.

1.9 AFFILIATE shall mean any corporation, firm, partnership or other entity in which LICENSEE owns or controls at least fifty percent (50%) of the voting stock thereof.

1.10 Government shall mean the Federal Government of the United States of America.

ARTICLE II

Grants

2.1 NIST hereby grants to LICENSEE, subject to the terms and conditions herein, an exclusive license, with the right to grant sublicenses, under the Licensed Patent(s) to make, have made, use and sell Licensed Products and to practice the processes encompassed by the Licensed Patent(s), in the Licensed Territory and the Licensed Field of Use for the term of this Agreement. Subject to the requirements of applicable laws and regulations, NIST shall not grant a license for the Licensed Patent(s) to any other person for _____ years, after which this license shall become a nonexclusive license for the remainder of the life of the Licensed Patent(s). The license shall be exclusive for the government's undivided interest in the invention, in the Licensed Territory for the Field of Use. LICENSEE shall have the right to extend this license to any AFFILIATE of its choice provided that it shall first notify NIST in writing of the identity of the AFFILIATE.

2.2 NIST hereby grants to LICENSEE and its AFFILIATES and SUBLICENSEES the right to extend to their customers of the Licensed Product on which the royalty provided herein has been or will be paid the right to use such Licensed Product.

2.3 No right or license is granted or implied to LICENSEE or any person claiming through LICENSEE under any patent or patent application other than those specifically identified herein as Licensed Patents.

2.4 LICENSEE may grant sublicenses upon the prior written approval of NIST, which approval will not be unreasonably withheld. Each sublicense must provide that it is subject to the terms and conditions of this Agreement, and LICENSEE shall provide NIST with a copy of each sublicense within fifteen (15) days of the sublicense being signed.

2.5 NIST reserves on behalf of the Government an irrevocable, nonexclusive, nontransferable, royalty-free License for the practice of all inventions licensed under the Licensed Patent throughout the world by or on behalf of the Government and on behalf of any foreign government or international organization pursuant to any existing or future treaty or agreement to which the Government is a signatory.

2.6 NIST reserves the right to require LICENSEE to grant sublicenses to responsible applicants on reasonable terms as necessary to protect public health and safety. Any requirement to grant sublicenses shall be deemed a modification to the Agreement and shall be subject to the terms of Paragraph 7.4.

ARTICLE III

Royalties, Payments and Records

3.1 Royalties

(a) Upon execution of this Agreement by NIST, LICENSEE shall pay to NIST an execution fee of _____ Dollars (\$ _____), no part of which shall be refunded for any reason. Payment of such fee shall be due 30 days from the date of the last signature on this Agreement.

(b) LICENSEE shall pay NIST a royalty on the Net Sales of LICENSEE and its included AFFILIATES of _____ percent (____%) during the term of this Agreement. LICENSEE shall also pay to NIST a royalty on sales of Licensed Products by SUBLICENSEES equal to the greater of _____ percent (____%) of SUBLICENSEES' Net Sales or _____ percent (____%) of all consideration received by LICENSEE under such sublicense. Net Sales shall be subject to royalty only once.

(c) LICENSEE shall also pay to NIST an annual minimum royalty as follows:

<u>Year</u>	<u>Annual Minimum Royalty</u>
20__	\$

Minimum annual royalties shall accrue on January 1 of each year and shall be payable within sixty (60) days thereafter during the term of this Agreement. The annual minimum royalty paid by LICENSEE for any given year shall be a credit against any royalty accrued for such year in accordance with Subsection 3.1(b) above. The royalty accrued in any one calendar year shall not be credited against the annual minimum royalty paid or to be paid in any other year.

(d) Seventy percent (70%) of the amount paid by LICENSEE, under Sections 3.2 (a) and (b), to reimburse NIST for patent filing and prosecution costs shall be a credit against royalties due under Subsection 3.1(b) for that country. Patent filing and prosecution costs in one country may not be used as a credit against royalties due for sales in another country.

3.2 Filing, Prosecution and Maintenance Costs

(a) In addition to the royalties due under Section 3.1, LICENSEE shall pay the ordinary and usual costs to NIST of obtaining and maintaining any Licensed Patent(s). LICENSEE shall pay NIST such amounts within thirty (30) days of receiving NIST's written request for reimbursement of such an expense. Should LICENSEE decline to assume such responsibility, NIST may modify or terminate this Agreement in accordance with the provisions of Article VIII below.

(b) Before any commitment to expend substantial funds for an extraordinary and unusual procedure for obtaining and maintaining any Licensed Patent(s), including but not limited to reissue, term-extension, reexamination, interference, opposition and nullity but not including infringement or counterclaims thereto, NIST shall notify LICENSEE of such extraordinary and unusual procedure and the estimated cost thereof and request LICENSEE to assume responsibility for such cost. Should LICENSEE decline to assume such responsibility, NIST may modify or terminate this Agreement in accordance with the provisions of Article VIII below.

3.3 No royalty shall be payable hereunder for direct sales of Licensed Products to the Government by LICENSEE, its included AFFILIATES or its SUBLICENSEES provided the selling price of such sales is free of any royalty increment or on any Licensed Product scrapped prior to shipment from its place of manufacture or predisposal storage.

3.4 LICENSEE shall submit to NIST, within sixty (60) days after each calendar half year ending June 30th and December 31st, reports setting forth for the preceding six (6) month period the amount of Licensed Product made, the amount scrapped and the amount used, sold or otherwise disposed of by LICENSEE, its included AFFILIATES and SUBLICENSEES in the Licensed Territory, the Net Sales thereof separated as to Net Sales within the United States and those outside the United States and the total amount of royalty due thereon. With each such report, LICENSEE shall pay the total amount of such royalty due. If no such royalty is due to NIST for any report period, the written report shall so state. A written report shall be due for each period whether or not Licensed Product has been made, there have been any Net Sales or any royalty is due.

3.5 All payments due NIST under this Article III shall be payable in United States dollars for the account of "NIST/Patent Licensing." All checks and bank drafts shall be drawn on United States banks. If payments are overdue, late charges will be applied as required by the Department of Treasury. Conversion of foreign currency to United States dollars for such payments shall be made at the conversion rate published in the Wall Street Journal on the date payment is made provided however payments made after the due date shall use the conversion rate published in the Wall Street Journal either as of the last date for timely payment or as of the date payment is actually made, whichever is greater. Any and all loss of exchange, value, taxes or other expenses incurred in the transfer or conversion of other currency to United States dollars shall be paid entirely by LICENSEE.

3.6 LICENSEE shall keep and shall cause its included AFFILIATES and SUBLICENSEES to keep accurate and complete records of Licensed Products made, used, sold, scrapped or otherwise disposed of under this Agreement in the Licensed Territory appropriate to determine the amount of the royalty due hereunder. Such records shall be retained for at least five (5) years following a given reporting period. Upon reasonable notice, the records shall be available during normal business hours for review by the authorized representative of NIST at the expense of NIST, as may be reasonably necessary to verify reports and payments under this Agreement. Such review shall be for the sole purpose of verifying reports and payments made hereunder. Such review shall include copying and making excerpts from pertinent records but shall cover only those records relating to the accuracy of reports and payments made under this Agreement. To the extent permitted by law, NIST agrees to keep confidential any information obtained under this paragraph. NIST will conduct no more than two reviews a year.

3.7 LICENSEE and/or its included AFFILIATES shall pay all necessary expenses for its commercialization of Licensed Products and such expenses shall not be deducted from any payments due NIST as provided herein.

3.8 Except as provided in Paragraph 1.8(c) hereof and as may be provided in any treaty between the Government and a foreign government, any tax on any payment due NIST under this Article III in any country in which such payment accrued shall be paid by LICENSEE without deduction from the amount owed to NIST.

ARTICLE IV

Markings

4.1 LICENSEE, its included AFFILIATES and SUBLICENSEES shall identify Licensed Products with the marking "Licensed Under U.S. Patent _____" or "U.S. Patent Pending" as permitted or required by statute. Where appropriate, LICENSEE shall also mark Licensed Product(s) with foreign patent notice in compliance with the laws of the countries in which the United States Department of Commerce owns the corresponding non-U.S. patents.

4.2 The name of the Government employee inventor(s), the name of any agency or department of the Government or any adaptation of the above shall not be used in any promotional activity without prior written approval from NIST.

ARTICLE V

Patent Filing and Enforcement

5.1 NIST agrees to take responsibility for, but to consult with the LICENSEE in, the preparation, filing and prosecution of any and all patent applications or patents included in the Licensed Patent(s) rights and Licensed Territory and shall furnish copies of relevant patent-related documents to LICENSEE.

5.2 LICENSEE shall notify NIST promptly in writing of any facts which LICENSEE believes may affect the validity, scope or enforceability of a Licensed Patent.

5.3 LICENSEE shall notify NIST promptly in writing of any infringement of a Licensed Patent which becomes known to LICENSEE. LICENSEE shall reasonably cooperate with NIST in determining if substantial infringement exists and, if so, in attempting to eliminate that substantial infringement.

5.4 During the exclusive term of this Agreement LICENSEE is empowered pursuant to this Agreement and the provisions of Chapter 29 of Title 35, United States Code or other statutes to: (a) bring suit in its own name, at its own expense, and on its own behalf for infringement of presumably valid claims in the Licensed Patents; (b) in any

such suit by LICENSEE, to enjoin infringement and to collect for its use, damages, profits and awards of whatever nature recoverable for such infringement; and (c) settle any claim or suit for infringement of the Licensed Patents. LICENSEE shall promptly provide NIST with a copy of all documents which it files in such suit or receives from the adverse party or parties. NIST and appropriate Government authorities shall have a continuing right to intervene in such suit. LICENSEE shall take no action to compel the Government either to initiate or to join in any such suit for patent infringement. Should the Government be made a party to any such suit by motion or any other action of LICENSEE, LICENSEE shall reimburse the Government for any costs, expenses or fees which the Government incurs as a result of such motion or other action.

During the nonexclusive term of this Agreement, if NIST receives LICENSEE's infringement notice under the provisions of paragraph 5.3 above and, within a reasonable time following the date of such notice, NIST is unsuccessful in eliminating the infringement which it has determined is substantial, NIST agrees to recommend to the appropriate Government authorities that an infringement action based on such infringed Licensed Patent be initiated. LICENSEE shall, at NIST's request, reasonably cooperate in the preparation and prosecution of such action including making available to NIST records, information, evidence and testimony by employees of LICENSEE relevant to the substantial infringement of the Licensed Patent.

Any proceeds received as a result of an infringement action by LICENSEE shall be allocated in the following order: (1) to NIST and LICENSEE pro-rata for any costs incurred by each in the action; (2) to NIST for any royalties due on infringing sales; (3) to LICENSEE to pay for lost profits; and (4) the remainder, if any, shall be divided pro-rata between NIST and LICENSEE according to the costs incurred by each in the action. NIST retains the right to audit any such costs claimed by LICENSEE.

ARTICLE VI

LICENSEE Performance

6.1 LICENSEE shall expend reasonable efforts and resources to carry out the development and marketing plan submitted with LICENSEE's application for a license and to bring Licensed Products to the point of practical application as defined In 37 C.F.R. §404.3(d) within_____ () years of the Effective Date of this Agreement unless this period is extended by mutual agreement of the parties. NIST shall not unreasonably withhold approval of any request of LICENSEE to extend this period if such request is supported by a reasonable showing by LICENSEE of due diligence toward bringing the Licensed Products to the point of practical application. "Due diligence" shall include any reasonable and diligent application for approval required by any Government agency within the United States.

6.2 LICENSEE shall provide written annual reports within sixty (60) days of the end of each calendar year detailing progress being made to bring the invention licensed hereunder to practical application. LICENSEE shall notify NIST promptly after the first commercial sale by it or an included AFFILIATE of a Licensed Product. Such annual progress reports will be not be required after such notification unless otherwise requested by NIST.

6.3 After bringing Licensed Products to the point of practical application in the United States, LICENSEE agrees to keep Licensed Products reasonably available to the public in the United States during the term of this Agreement.

6.4 LICENSEE agrees that Licensed Products sold or otherwise disposed of in the United States by LICENSEE, its included AFFILIATES and its SUBLICENSEES will be manufactured substantially in the United States.

6.5 Failure to comply with the provisions of this Article VII shall be cause for modification or termination of this Agreement in accordance with the provisions of Article VIII below.

ARTICLE VII

Duration, Modification and Termination

7.1 This Agreement shall commence on the Effective Date and, unless sooner terminated as provided in this Article, shall remain in effect until terminated by the expiration of the last-to-expire Licensed Patent. The provisions of Paragraphs 3.6, 4.2 and 8.2 shall survive any termination of this Agreement.

7.2 This Agreement may be modified or terminated by NIST subject to the provisions of Paragraphs 7.4 and 8.3 below, if it is determined that:

- (a) LICENSEE or any included AFFILIATE fails to meet the obligations set forth in Article VI above;
- (b) Such action is necessary to meet requirements for public use specified by Federal regulations issued after the date of the license and such requirements are not reasonably satisfied by the LICENSEE or an included AFFILIATE;
- (c) LICENSEE has willfully made a material false statement or willfully omitted a material fact in the license application or in any report required by this Agreement
- (d) LICENSEE or any included AFFILIATE commits a substantial breach of any promise, covenant or obligation contained in this Agreement;
- (e) LICENSEE is adjudged a bankrupt, files a petition for bankruptcy or has its assets placed in the hands of a receiver or makes any assignment or other accommodation for the benefit of creditors; or
- (f) LICENSEE or any included AFFILIATE is held by a court of competent jurisdiction without taking a further appeal to have misused any Licensed Patent.

7.3 All sublicenses shall be subject to the terms and conditions of this agreement, and shall be subject to modification or termination on the grounds provided for in Section 7.2. LICENSEE shall provide in the sublicenses that the sublicenses are also subject to termination or modification for the acts or omissions, enumerated in section 7.2 above, by SUBLICENSEE.

7.4 Prior to any modification or termination of this Agreement, NIST shall furnish LICENSEE a written notice of intention to modify or terminate; and the LICENSEE shall be allowed thirty (30) days after the date of such notice to remedy any breach or default of any promise, covenant or obligation of this Agreement or to show cause why this Agreement should not be modified or terminated. If NIST terminates this Agreement, LICENSEE shall have a reasonable time in which to sell all Licensed Products in production or in inventory.

7.5 At any time upon ninety (90) days prior written notice, LICENSEE may terminate this Agreement. If LICENSEE terminates this Agreement in accordance with the provisions of this Paragraph 7.5 without cause, LICENSEE shall provide NIST with all nonconfidential technical data generated after the Effective Date of this Agreement by LICENSEE and its AFFILIATES involving the Licensed Product; and NIST shall be free to disclose such data to any third party. Termination of this Agreement by LICENSEE pursuant to this Paragraph in response to a charge of infringement from a third party shall be deemed termination for cause.

7.6 LICENSEE and NIST may mutually agree to modify or terminate this Agreement at any time such modification or termination will be effective only when set forth in writing and signed by the parties.

7.7 Upon termination of this Agreement or its modification removing any Licensed Patent(s), a report similar to that required under Paragraph 3.4 covering Licensed Patent(s) included in such modification or termination shall become due immediately and sums due to NIST from LICENSEE in respect of the Licensed Patent(s) included in such modification or termination shall become immediately due and must be paid within thirty (30) days. In all other respects, the rights and obligations of the parties hereto concerning the Licensed Patent(s) included in such modification or termination shall cease as of the effective date of such modification or termination.

7.8 In the event of termination of the Agreement or its modification removing any Licensed Patent, and sublicense of record granted pursuant to Paragraph 2.4 may, at sublicensee's option, be converted to a License directly between sublicensee and NIST under any Licensed Patent no longer licensed to LICENSEE.

ARTICLE VIII

General

8.1 LICENSEE shall place a Proprietary Information notice on all information it delivers to NIST under this Agreement, which the LICENSEE asserts is proprietary. If the Proprietary Information is in writing it shall be marked "confidential". If the Proprietary Information is not in writing, LICENSEE shall provide NIST with a written memorandum summarizing and designating such information as confidential within thirty (30) days of the disclosure. NIST agrees that any information designated Proprietary shall be used only for the purposes described herein. However, NIST may object to the designation of information as Proprietary Information and may decline to accept such information. Except where NIST is legally obligated to release information pursuant to the Freedom of Information Act (5 U.S. C. 552), or other requirement of law, Proprietary Information shall not be disclosed or otherwise made available in any form to any other person, firm, corporation, partnership, association, or other entity without the prior written consent of LICENSEE. NIST agrees to use its best efforts to maintain the confidentiality of Proprietary Information. NIST will promptly notify the LICENSEE of requests for its Proprietary Information. The LICENSEE agrees that NIST is not liable for the disclosure of information designated as Proprietary which, after notice to and consultation with the LICENSEE, NIST determines may not lawfully be withheld or which a court of competent jurisdiction requires disclosed.

8.2 NIST represents and warrants that NIST has the authority to issue licenses under the Licensed Patent(s). NIST does not warrant the patentability or validity of the Licensed Patent(s) and makes no representations whatsoever with regard to the scope of the Licensed Patent(s) or that such Licensed Patent(s) may be exploited without infringing other patents. NIST further does not warrant the merchantability or fitness of the Licensed Product for any particular purpose or any other warranty, expressed or implied. LICENSEE shall indemnify and hold harmless the Government from any claims, costs, damages or loss that may arise from the use of the Licensed Product.

8.3 This Agreement shall not be transferred or assigned by LICENSEE to any party other than to a successor or assignee of the entire business interest of LICENSEE relating to Licensed Products, but in no event shall LICENSEE assign or transfer this Agreement to a party not a citizen or resident of the United States of America. LICENSEE shall notify NIST in writing prior to any such transfer or assignment.

8.4 The parties shall make every reasonable effort to resolve amicably any dispute concerning a question of fact arising under this Agreement. Any disputes not settled amicably between the parties concerning a question of fact arising under this Agreement shall be decided by the Laboratory Director, who shall reduce their decision to writing and mail or otherwise furnish a copy thereof to LICENSEE. The decision of the Laboratory Director to modify or terminate this Agreement shall be final and conclusive unless LICENSEE mails or otherwise furnishes to the Deputy Director of NIST a written appeal within thirty (30) days of receiving the Laboratory Director's written decision. Pending final decision of a dispute hereunder, LICENSEE shall proceed diligently with the performance of its obligations under this Agreement.

8.5 The interpretation and application of the provisions of this Agreement shall be governed by the laws of the United States as interpreted and applied by the Federal courts in the District of Columbia.

8.6 Written notices required to be given under this Agreement shall be considered duly given on the date mailed if mailed by first class mail, postage prepaid and addressed as follows:

If to NIST: Director, Office Technology Partnerships
NIST
100 Bureau Drive, Stop 2200
Gaithersburg, MD 20899-2200

All royalty payments due NIST shall be sent to:

NIST
Attn: Patent Royalty
100 Bureau Drive, Stop 5202
Gaithersburg, MD 20899-5202

*Please reference Nist License Control Number on check.

If to LICENSEE: _____

or such other address as either party may request in writing.

8.7 This Agreement constitutes the entire understanding and supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof or information relating thereto except for any non-disclosure agreement relating to the claims of the Licensed Patent(s) which non-disclosure agreement, if any, is incorporated herein by reference, and neither party shall be obligated by any condition, promise or representation other than those expressly stated herein or as may be subsequently agreed to by the parties hereto in writing.

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8.8 The Effective Date of this Agreement shall be the date when it is executed on behalf of NIST unless another date is mutually agreed to by both parties. The Effective Date may be inserted in the place provided below by NIST after this Agreement has been executed by LICENSEE. The Effective Date of this Agreement is _____, 200__.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

LICENSEE: _____
(Company Name)

By: _____
(date)

Print Name: _____

Title: _____

Company Mailing Address for Notices:

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

NIST Counsel (date)

Laboratory Director (date)

Director, Office of Technology Partnerships (date)

Mailing Address for Notices:

National Institute of Standards and Technology
Attention: Dr. Bruce E. Mattson
100 Bureau Drive, Stop 2200
Gaithersburg, MD 20899-2200